

**MINUTES
of the
SECOND MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**July 14, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, vice chair, at 10:10 a.m. on Monday, July 14, 2008, in the offices of the New Mexico Mortgage Finance Authority in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Leonard Lee Rawson

Absent

Sen. Cisco McSorley
Rep. Teresa A. Zanetti

Advisory Members

Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, July 14

Senator Nancy Rodriguez welcomed committee members and guests to the meeting.

Minutes

Upon a motion by Senator Martinez that was duly seconded, the committee approved without objection the minutes from the May 23, 2008 meeting of the Mortgage Finance Authority Act Oversight Committee.

Mortgage Finance Authority (MFA) Update

Joseph Montoya, MFA deputy director of programs, updated the committee on MFA events and activities. The MFA had conducted town hall meeting in Carlsbad on June 11, Silver City on June 25 and Espanola on July 10; a town hall meeting will be held in Albuquerque on August 1. MFA staff have recently completed an update of a new strategic plan for the MFA that will be presented to the MFA board on July 16. The MFA staff will be presenting to the Welfare Reform Oversight Committee during this interim regarding subsidized housing programs and the Governor's Task Force on Poverty Reduction. On a motion by Senator Rawson, seconded by Senator Boitano, the committee voted without objection to request the Legislative Council Service to prepare for the committee's possible endorsement for the upcoming special legislative session appropriation bills for a residential efficiency improvement loan program and the expansion of a residential energy conservation program for low-income persons. These bills were introduced as Senate Bills 210 and 211 during the 2008 regular legislative session.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. Region IV has two new board members and two that were reappointed by the governor. Region VI is in the process of having two board members reappointed. Region II continues to operate with very few problems. Region IV is starting the new fiscal year with a balanced budget; a review and cleanup of client files should be completed by the end of the summer. Region V is looking into the purchase of land for new public housing and is working with Silver City in providing home ownership counseling for a 52-unit housing development. Regions II, IV and VI have upgraded their computer software to enable files to be transmitted over the Internet; Region V will do so in the near future. The regional housing study has been ongoing since June and is directed toward enabling a more comprehensive networking system.

Cost Components of Housing Development

Erin Quinn, MFA senior policy and program advisor, briefed the committee on the cost components of housing development, presenting a PowerPoint presentation. Housing costs may be reduced in many ways, and the MFA offers development and other programs that help offset some of the costs of providing affordable housing. Stable, affordable, accessible housing is important, and it is an integral part of a community's social structure. Robust housing choices are good for business and the local economy; stability of the housing stock is critical. In general, if housing costs are greater than 30 percent of a household's income, housing is unaffordable. Components of a successful local affordable housing strategy include comprehensive planning; a combination of targeted incentives and/or mandatory set-aside requirements; adequate funding to bridge development gaps; carefully balanced reforms in local zoning, subdivision, infrastructure and environmental standards; procedural reforms designed to promote certainty, predictability and fairness in the development approval process; and enforcement mechanisms. Cost components of housing development include land costs, carrying costs (interest and property

taxes), hard costs (site preparation, off-site exactions and construction costs) and facilitating the development process. Ms. Quinn reviewed ways in which housing development costs could be reduced and specified those reduction strategies that could involve the MFA, including discounted sale or grant of property, direct subsidies or low-interest loans, the use of housing trust funds and public/private partnerships. Ms. Quinn also offered several scenarios that illustrated how housing development costs could be reduced by specific property acquisition, site development and construction costs. The MFA development programs include "supply side" programs to offset property acquisition, carrying and "hard" costs and "demand side" programs, including first mortgage products, down payment and closing cost assistance and owner-occupied housing rehabilitations. The MFA also has programs directed at special needs, energy efficiency, capacity building and training, operational funding, rural housing and economic development, tribal and colonias housing initiatives, and loan servicing and long-term compliance activities.

Adjournment

There being no further business before the committee, the second meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 12:05 p.m.

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